

CAPITAL IMPROVEMENT PLAN



ADOPTED May 8, 2012

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DATE SCHEDULE OF AMENDMENTS, RESOLUTIONS AND CORRECTIONS

April 18, 2012 _____ Adoption of Capital Improvement Plan (CIP)
Notice of Public Hearing published in the Big Rapids Pioneer----- April 9, 2012
Approved by the Planning Commission – Public Hearing----- April 18, 2012
Adopted by the Morton Township Board of Trustees ----- May 8, 2012
Summary published in the Big Rapids Pioneer ----- May 29, 2012
Effective Date ----- May 8, 2012

May 20, 2015 _____ Annual Review of Capital Improvement Plan (CIP)
Approved by the Planning Commission – Motion ----- May 20, 2015
Effective Date ----- May 20, 2015

June 17, 2015 _____ Appendix's A, B, C project sheets submitted to Planning Commission

August 19, 2015 _____ Appendix's A, B, C updated project sheets reviewed & pages added

July 15, 2020 _____ Annual Review of Capital Improvement Plan (CIP)
Approved by Planning Commission – Motion ----- July 15, 2020
Effective Date ----- July 15, 2020

INTRODUCTION

It's evident that Morton Township doesn't have enough money to pay for all of the things we would like to do. The Township is faced with the challenge of trying to meet the needs of its residents for public services and facilities in the midst of relatively fixed revenues and the increasing costs of providing the needed public services and facilities. This means that the Township must have some method of setting project priorities and tackling first things first. The Township also needs a way to insure that its money is being spent wisely and efficiently. The Capital Improvements Program (CIP) is one tool that will help the Township accomplish this goal.

CAPITAL IMPROVEMENTS

"Capital Improvements" are public improvements. They are projects involving the expenditure of public funds, over and above annual operating expenses, for the purchase, construction, or replacement of the physical facilities of a community. A Capital Improvement Plan (Program) is a short-range plan, usually four to ten years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan. Essentially, the plan provides a link between the Morton Township Capital Improvement Plan and the annual budget.

For the purpose of discussion and planning, additional projects of a smaller nature will be included as appendices to this document.

The first step in the development of a CIP is the establishment of a base line. This aspect of the plan is the Reserve Study, a budget planning tool which identifies the current status and establishment of a Reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures. Reserve Studies are in essence planning tools designed to help the Board anticipate, and prepare for, the property's major repair and replacement projects. Reserve studies may indicate areas where capital improvements may be more advantageous than Reserve spending. The purpose of the Reserve Study is to give those overseeing the maintenance of the property a better idea of what major expenditures to expect and an educated estimate of when these expenses will occur. With this knowledge the Board can create a more effective budget.

Reserve Studies can be created by Board Members, their functional area managers, or obtained through a variety of professionals specializing in the preparation of Reserve Studies, or large architectural or engineering firms who complete Reserve Studies as a small aspect of their larger business. Once the reserve study has been completed, the means to fund a reserve fund must be established to allow for the nonrecurring rehabilitation (i.e., something which is infrequent and would not be considered annual or other routine maintenance, or major repair of all or part of a building, its grounds, or other facility).

GENERAL CHARACTERISTICS OF CAPITAL IMPROVEMENTS

- They are large in size.
- They have a big price tag.
- They have long term usefulness and permanence (10-30 years).
- They involve expenditures of a non-recurring nature (i.e., Once it's paid for that's it! The maintenance of the facility once in place becomes part the annual operating budget).
- They usually provide a governmental facility for public service.
- They add substantially to the value of the municipality's fixed assets.

Although most capital improvements share these common characteristics, the actual types of projects included in the CIP may vary from community to community. A capital improvement project for the purposes of Morton Township's capital improvements program is a major nonrecurring expenditure that includes one or more of the following:

1. Any acquisition of land for a public purpose.
2. Any construction of a new facility (e.g., a public building, a playfield, or an addition to, or an extension of, such a facility)
3. The purchase of major equipment (e.g., a fire truck), provided that the cost is \$25,000 or more, which has a useful life of five years or more.
4. Any planning, feasibility, engineering, or design study related to an individual capital improvement project or to a program that is implemented through individual capital improvement projects (e.g., The Morton Township Recreation Plan). Requests for funding projects that do not meet the criteria for inclusion in the capital improvements program are submitted as part of the Township's annual operational budget.
5. For the purpose of the Morton Township Capital Improvement Plan, and to serve as a mechanism to incorporate the Morton Township Strategic Planning process some items may be included to serve as a place-mark for other items designed to foster the growth of the Township.

CAPITAL IMPROVEMENTS PROGRAMMING

Capital improvement programming is the preparation and updating of a proposed schedule of public works projects and related equipment to be built or purchased by local governments. It covers the entire range of public facility, safety, and service requirements. The program lists all future projects, construction or acquisition priority, along with cost estimates and the anticipated means of financing each project. The first year of scheduled projects is referred to as the "capital budget" and includes those projects scheduled to be funded in the upcoming fiscal year. These projects will actually be considered for inclusion in the Township's legally adopted budget. The succeeding years' schedule of projects makes up the "program".

A FIVE YEAR PROGRAMMING PERIOD

A 5 year period is considered to be most suitable. Two or 3 years is too little time for effective programming because planning and financing of major facilities usually takes longer. A period of 7 years or more may project the program too far into the future to be of practical value. As the process is refined, this time period may be altered.

THE PROGRAM IS UPDATED ANNUALLY

The CIP is updated annually in order to fine tune the capital budget to reflect changing economic conditions. The Township wants to have the most accurate project costs included in the budget for the upcoming fiscal year. The program is also adjusted to reflect the need for additional projects and set different priorities if necessary.

BENEFITS OF CAPITAL IMPROVEMENTS PROGRAMMING

Focusing Attention on Community Goals, Needs, and Capabilities

This involves bringing projects in line with community objectives, anticipated growth, and financial capabilities. This is the type of information contained in the Township's Comprehensive Plan. The CIP is a tool for implementing the goals, policies, and objectives set forth in the plan.

Achieving Optimum Use of the Taxpayer's Dollar

Advance programming can help avoid costly mistakes. The program also aids the Township Board in making sound annual budget decisions. A listing of anticipated projects may encourage the purchase of land well in advance of construction at a lower present cost rather than higher future costs.

Serving Wider Community Interests

Projects within the CIP can be, but not necessarily prioritized on the basis of the greatest benefit to the greatest number of Township residents.

Encouraging a More Efficient Governmental Administration

Coordination of capital improvements programming by township, county, and state agencies can reduce scheduling problems and conflicting or overlapping projects.

Improving Intergovernmental and Regional Cooperation

It may be possible to share needed facilities between local units of governments (programs).

Maintaining a Sound and Stable Financial Program

When there is ample time for planning, the most economical means of financing each project can be selected in advance. Keeping projects within the financial capacity of the community helps to preserve its credit rating and makes the area more attractive to business and industry.

Enhancing Opportunities for Participation in Federal and State Grant Programs

Most grant applications require the need for the program to be well documented with a clear statement of goals and objectives. This documentation will be developed in the CIP.

BENEFITS

A CIP provides many benefits including:

- Allows for a systematic evaluation of all potential projects at the same time.
- The ability to stabilize debt and consolidate projects to reduce borrowing costs.
- Serve as a public relations and economic development tool.
- A focus on preserving a governmental entity's infrastructure while ensuring the efficient use of public funds.
- An opportunity to foster cooperation among departments and an ability to inform other units of government of the entity's priorities. For example, it is not uncommon for a large city or county to incorporate into its CIP the capital needs of a school district, parks and recreation department and/or some other public service structure.

RESPONSIBILITIES

The Morton Township Planning Commission is responsible for the development of the CIP, in conjunction with the Morton Township Board, and Community input. The CIP will be reviewed at least annually.

In order for the CIP to be implemented fully, a Reserve Fund Study will be completed to prepare a reserve fund that identifies monies set aside for future replacement and repair of existing township capital assets.

ITEMS TO BE CONSIDERED FOR THE ESTABLISHMENT OF A CAPITAL IMPROVEMENT PROJECT:

FEATURES

The CIP will include the following information:

- The description of the capital projects or equipment to be purchased.
- The projects priority, ranked in order of preference
- The funding source or plan for financing the projects.
- A timetable for the construction or completion of the project.

- Justification for the project.

A. PROJECT DESCRIPTION

This section should contain CIP General Fund project descriptions

B. PROJECT PRIORITY:

1. Priority A: (Urgent) Projects which cannot reasonably be postponed. These may be needed to complete an essential or a partially finished project, or to maintain a minimum level of service in a presently established Township program. Also, any project needed to address an emergency situation.
2. Priority B: (Necessary) Projects which should be carried out within a few years to meet the anticipated needs of a current Township service, or replacement of unsatisfactory facilities.
3. Priority C: (Desirable) Projects needed for the proper expansion of a Township service. The exact timing of which can wait until funds are available.
4. Priority D: (Deferrable) Projects which would be needed for ideal operation, but which cannot yet be recommended for action. They can be postponed without detriment to present services.
5. Priority NR: (Non-Ranked) Projects which were not specifically recommended for funding by the CIP Committee as requested (can be used as a marker to get into the process). Typically, there may not have been enough information available to make a recommendation, the beneficiaries of the proposed project were vague, or the responsibilities for implementation of a project may actually fall under the jurisdiction of an agency or municipality outside of the control of the Township. Projects that are given the same classification can be distinguished further by the Township Supervisor and the Township Board for budget purposes based on the public health and safety considerations, breadth of service area, or the availability of matching funding from other sources outside of the Township.

C. FUNDING

In determining appropriate project funding levels throughout the five year program period, the CIP Committee may exercise one or more of the following options:

1. Recommend funding the project in the year and the amount requested.
2. Recommend that the project not be funded at all.
3. Recommend partial funding of the project in the year requested.
4. Recommend delaying funding of the project to another year.
5. Recommend setting aside a portion of the requested money each year to save enough to fund the project in some future year. The project classifications serve as a guide in preparing future budget recommendations.

D. IMPLEMENTATION PRIORITIES

The priorities need to be recommended by the Morton Township Board of Trustees, the Planning Commission, or the Capital Improvements Program Committee, if established. The Planning Commission will review and forward to the Township Board for final approval. In some cases a joint session may be required, depending on the nature of the project.

E. TIME FRAME

The period of time for the estimated completion of the project will depend on the availability of funds and funding sources, needs, and other factors.

**APPENDIX A:
CAPITAL IMPROVEMENTS**

- A. Land acquisition/development of a riverside park
- B. Fire truck acquisition/upgrades (Upgrades over \$10k should be in the CIP as they add to the life of the vehicle).
- C. Possible costs that the Township might incur for items like major road repair, bridge over Schrader Creek, etc. (not normal road repair)
- D. Major equipment upgrades for Fire Department: new radios, hovercraft, new truck, etc.
- E. Township wireless

APPENDIX B:

Other items that while not of such a nature that they should be in a CIP, but should be implemented to foster the future development of Morton Township.

- A. Overhead road lighting
- B. Signage for Industrial Park
- C. Signage for promotion of major activities within the Township.
- D. etc.

**APPENDIX C:
RESERVE STUDY ENTITIES**

- A. EXAMPLE Roof Repair (extends life of the building).
Roof repair extends the life of the asset, however a reserve study will tell you that a roof has a life expectancy of XXX number of years, and will have to be replaced in XXXX number of years. The board should know that and start funding the reserve fund so that monies are available at the potential time. If you go from an asphalt shingle to a metal roof, then that difference in expenditure (i.e., 20k for asphalt, 35K for metal), then 15K of capital would be spent and 20K of reserve. From that point on 35K would have to be funded (over the life expectancy of the metal roof) so that funds would be available to replace in that time frame.
- B. Major equipment repair
- C. Roads are not owned by the township so a separate budget line item should be created for "Road Repair" and this line item should be funded on its own merit. History will tell us what to expect our annual contribution would be and that should be the goal of the Board to set this account up so those monies are available. We do this today, only we take from the general fund. We should set this money aside yearly so that we better plan for the future.

Some items that were brought up at the last annual meeting that might have impact are:

- a. One room school house renovation at School Section Lake
- b. Community Gardens.
- c. Etc.